

Message Text

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PAGE 01 BONN 04607 151659Z
ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-06 SP-02
SS-15 STR-04 TRSE-00 ACDA-07 NRC-05 /105 W
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R 151650Z MAR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 6497
INFO AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY PARIS
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USMISSION NATO BRUSSELS

C O N F I D E N T I A L BONN 04607

E.O. 11652: GDS
TAGS: EFIN, ENRG, PO, GW
SUBJECT: FRG NUCLEAR POWER PLANT EXPORT TO PORTUGAL

REF: (A) BONN 3941, (B) BONN 4338, (C) PARIS 7292,
(D) EC BRUSSELS 2453

1. IN DISCUSSION WITH EMBOFF ON MARCH 15, AN ECONOMICS
MINISTRY OFFICIAL CLARIFIED PRESENT STATUS OF PROPOSED
NUCLEAR POWER PLANT PROJECT. AFTER NOTING THAT THE
IBRD HAS RECOMMENDED THAT PORTUGAL DEVELOP NUCLEAR POWER
AS THE CHEAPEST AND MOST EFFICIENT ALTERNATIVE TO ITS
PRESENT RELIANCE ON IMPORTED FUELS, SOURCE INDICATED
THAT THE FRG HAS RESERVATIONS, BECAUSE THE COST OF
DEVELOPING NUCLEAR POWER WOULD BE SO DIFFICULT FOR
PORTUGAL TO BEAR.

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2. KWU IS EAGER TO UNDERTAKE THIS PROJECT, AND THE
FRG GOVERNMENT FOR ITS PART HAS AN INTEREST IN
SUPPORTING THE GERMAN NUCLEAR POWER CONSTRUCTION SECTOR.
HOWEVER, THE FRG IS NOT PREPARED TO GO FURTHER THAN
TO OFFER EXPORT CREDIT GUARANTEES WITHIN THE PRESENT
UPPER LIMIT OF COVERAGE FOR SINGLE PROJECTS; I.E. DM 5
MILLION. THIS WOULD BE HARDLY MORE THAN A DROP IN THE

BUCKET IN COMPARISON WITH TOTAL COST FOR THE PROJECT
(FOR A SINGLE POWER PLANT WITH TWO UNITS) OF BETWEEN
DM 1.5 AND 2 BILLION.

3. KWU IS THEREFORE EXPLORING THE POSSIBILITY OF
FORMING A EUROPEAN CONSORTIUM WHICH WOULD HAVE ACCESS TO
EXPORT CREDIT OR CREDIT GUARANTEE FACILITIES OF OTHER
EUROPEAN GOVERNMENTS. SOURCE EXPRESSED DOUBTS THAT
OTHER FIRMS WOULD FIND THIS PROPOSAL ATTRACTIVE,
SINCE KWU WOULD WANT TO RETAIN THE MORE TECHNICALLY-
ADVANCED PARTS OF THE PROJECT FOR ITSELF.

4. SOURCE TOOK SPECIAL EFFORTS TO ASSURE EMBOFF THAT
ENRICHMENT FACILITIES WOULD BE CLEARLY EXCLUDED FROM
PROPOSED PROJECT.
STOESSEL

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Message Attributes

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